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Declass Review by NGA.

NPIC/TDS/D-1050-67 29 September 1967

		MEMORANDUM FOR THE RECORD		
25)	(1	SUBJECT: Anticipated Overrun of Project #10147 PI Print Enlarger		
		1. Historical Background.		
	* 1900** 	In a memo (IPO/OSB/M-35-65) dated 4 August 1965 described their need for equipment to produce enlarged photographic prints. Further interest was expressed by PAG in memo IPO/OSB/M-43-65 dated 5 October 1965. The Imagery Analysis Service expressed a need for similar equipment in a 16 November 1965 memo (IAD/OSS-346-65).		
25)	(1	submitted a proposal (153/66) on 8 September 1966 for a Print Enlarger employing addiffusion transfer photographic material.		
		On 10 October 1966 PAG indicated it had received the proposal	25X	1
		but expressed no interest in purchasing the equipment (IPO/OSM/M-161-66). On 4 October 1966 IAS encouraged the prompt approval of the proposal (IAD/OSS-221-66).	25X	1
		2. Contractual Matters.	i	
25) 25)		original quote was for In January 1967 this price was raised to to cover increased overhead that occurred during	25X	1
		the period required for contractual approval. The "cost plus incentive fee" contract was signed on 27 February 1967 with a target cost of	25X	1
25)	(1	and a target fee of The period of performance was to be from 27 February 1967 to 27 September 1967.		
		3. Contract Monitoring.		
25)	(1	and I made trips to on 21 April and 12 May 1967. During these visits we discussed the design of the PI Print En-	25X	1
		larger. The contractor encountered no apparent serious technical problems in the design. During May 1967 left the Technical Development Staff and I assumed responsibilities as project monitor of this contract. The contractor's monthly reports for March, April, and May 1967 all estimated that the project cost would equal the target costs of the contract.	25X	1
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5X1		During mid July I was notified by the project engineer that the June monthly report was nearly complete but that there was a delay by their accounting department in completing the status of funds. Hegave no indication at that time that there was any financial trouble however.	25X ²
5X1		During the week of 24 July, Contracts Manager called to say that an overrun of approximately was anticipated. On 11 August I visited to discuss the overrun and to see what steps could be taken to reduce its magnitude. Nearly all of the design was completed and most of the parts had been ordered. The only suggestions offered by the contractor were to reduce the quality of the deliverable manuals and to minimize quality assurance expenditures. However, both of these items would have little effect in reducing the overrun.	25X 25X 25X
		On 14 September, visited NPIC. auditor from the Ames Building, and I discussed	25×
5X1	- **** -	the project. A cost analysis presented byis attached. also delivered the July and August monthly reports at that time. The cost analysis presents two pages showing costs to complete. The estimate made] 25 X *
	. '	on 180July shows an anticipated overrun of while the one made on 18 August predicted an overrun of Thus, has shown little compteence in making cost estimates before or during the period of the contract.	25X 25X
		4. Alternatives.	
5X1		The following alternatives are presented with cost data available at the date of this memo. These figures will be updated if changes are anticipated by	
	Marri	a. Cancel the contract - Approximate cost: the contract is cancelled, no assembled equipment will be received. Unfinished parts, unground lenses, etc. will be furnished in an unassembled form.	25X
5X1		bm Require contract to be completed - Approximate cost: overrun, the assembled PI Print Enlarger would be delivered.	
		c. Require all components to be finished and assemble equipment at NPIC - Cost approximately: (This cost is uncertain at this time since has not been pressed with this alternative.) most of the components are completed but that he has not asyyet spent more than the contract target cost. When it was suggested that the overrun would be consumed almost entirely in assembly, debugging and manual preparation, he indicated some uncertainty	25X 25X 25X

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as to the status of completion of the project and said that he would furnish more up-to-date figures on expenditures. If we can obtain all components for close to the original contract target cost, then perhaps our Equipment Performance Staff could a assemble it.

d. Send letter to responsible administrative personnel suggesting that they absorb a portion of the overrun costs. Since some of the overrun costs were due to poor financial estimates and control by might be willing to pay some of these costs. Of course, if this approach does not produce a favorable reply by we would still be faced with selecting one of the other alternatives.

Support Systems Branch, DS/TDS

25X1

25X1

ATTACHMENTS:

25X1

25X1

25X1

Proposal 153/66 Cost Analysis

IPO/OSB/M-35-65 IPO/OSB/M-43-65

IAD/OSS-346-65

IPO/OSB/M-161-66

IAD/OSS-221-66

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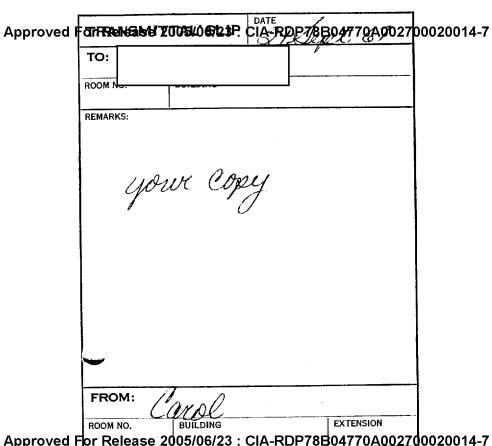
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25X1



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FORM NO . 241

REPLACES FORM 36-8 WHICH MAY BE USED.

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